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District Counsel

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re

TULARE LOCAL HEALTHCARE
DISTRICT, dba TULARE REGIONAL
MEDICAL CENTER,

Debtor.

Tax ID #: 94-6002897
Address: 869 N. Cherry Street
Tulare, CA 93274

CASE NO. 17-13797

DC No.: WW-9

Chapter 9

Date: January 11, 2018
Time: 9:30 a.m.
Place: 2500 Tulare Street
Fresno, CA 93721
Courtroom 13
Judge: Honorable René Lastreto II

**MOTION FOR AUTHORIZATION TO REJECT EXECUTORY CONTRACT
(MEDFLOW, PC)**

TO THE HONORABLE RENÉ LASTRETO II, UNITED STATES BANKRUPTCY

JUDGE:

1 Tulare Local Healthcare District, dba Tulare Regional Medical Center, a
2 California Health Care District, the Debtor ("Debtor" or "District"), hereby moves this
3 Court pursuant to 11 U.S.C. §§ 105, 365 and 901, and Bankruptcy Rules 6006 and
4 9014, for an Order Rejecting Executory Contract as described below. In support of its
5 Motion, the Debtor represents as follows:

6 1. This Court has jurisdiction over this Motion pursuant to 28 U.S. C. §§ 157
7 and 1334. Venue is proper before this Court pursuant to 28 U.S. C. §§ 1408 and 1409.
8 This matter is a core proceeding to 28 U.S.C. §157(b)(2). The statutory predicates for
9 the relief sought in this Motion are §§ 105, 365, 901 and title 11 of the United States
10 Code (the "Bankruptcy Code"), as complemented by Rules 6006 and 9014 of the
11 Federal Rules of Bankruptcy Procedure.

12 2. This case was filed as a Chapter 9 case on September 30, 2017 ("Petition
13 Date").

14 3. The Debtor is a California healthcare district located in Western Tulare
15 County.

16 4. The Debtor is in the business of owning a hospital and other healthcare
17 facilities .

18 5. On July 1, 2013, the Debtor entered into an Emergency Services
19 Agreement ("Contract") with Medflow, LLC (which subsequently converted to a
20 corporation, Medflow PC, on May 23, 2013)("Medflow") which is owned by Dr. Yorai
21 Benzeevi, M.D. ("Benzeevi"). The Contract was subsequently amended by the
22 Amendment to Emergency Services Agreement ("First Amendment") effectively dated
23 October 31, 2013, and again by the Second Amendment to Emergency Services
24 Agreement ("Second Amendment") effectively dated February 3, 2015. True and
25 correct copies of the Contract, the First Amendment, and the Second Amendment, are
26 attached to the Declaration of Sanford Haskins (Chief Administrative Officer) as Exhibits
27 A-C which is filed concurrently herewith.

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1 6. The purpose of the Contract was that Medflow would provide services of
2 physicians and other healthcare professionals who specialize in urgent care and
3 emergency medicine services in exchange for payment. However, with the Second
4 Amendment, the purpose of the contract changed. Medflow no longer provided
5 physicians or healthcare professionals to provide medical services and instead only
6 provided a Medical Director. Benzeevi is the Medical Director and has been paid
7 \$20,000 a month for his services through Medflow in addition to other compensation
8 received by HCCA.

9 7. The Debtor has analyzed the Contract and determined in its sound
10 business judgment, and as declared by Sanford Haskins, Chief Administrative Officer,
11 that the Contract should be rejected. The contract is unfavorable because the contract
12 allows for administrative duties that will be handled internally by the District for a lesser
13 cost than \$20,000 per month. This will aid Debtor's efforts to successfully reorganize by
14 reducing costs to the Debtor.

15 WHEREFORE, the Debtor respectfully requests entry of an Order (a) authorizing
16 the Debtor to reject the Contract; (b) fixing a date sixty (60) days out by which any claim
17 resulting from the rejection of the contract shall be filed; and (c) granting Debtor such
18 other and further relief as this Court may deem just and proper.

19 Dated: December 11, 2017

WALTER WILHELM LAW GROUP,
a Professional Corporation

22 By: 

Riley C. Walter, Attorneys for Debtor,
Tulare Local Healthcare District, dba
Tulare Regional Medical Center